



# **Enabling Officer Accession Cuts While Limiting Laterals**

Dr. Albert Monroe  
Workforce Conference Briefing

3/30/2004

# Major Issues



- How should the Navy build Restricted Line (RL) communities?
  - Direct Accessions
  - Lateral transfers from the Unrestricted Line (URL)
- Should the Navy reduce Surface Warfare (SWO) accessions?
  - CNO thinks: too many junior officers (JOs) on ships
  - SWO JO OPA continues to fall
  - Some SWO accessions accommodate RL/Staff needs

# Study Focus



Model lateral transfers  
from  
SWO to overall RL/Staff

# Start with Three Scenarios

---

Refer to each scenario by the number of SWO accessions

1. 780: Status quo
  - Navy plans for 780 SWOs per year to end up with 275 Department Heads at YOS 9
2. 620: Access to Nov 03 SWO OPA
  - Navy needs to access 620 SWOs per year
3. 700: Moderate accession goal
  - Midpoint between two options is 700 SWO accessions per year

# Key Measures of Effectiveness

---



- Total Personnel Cost – as measured for combined YOS 1-9 inventories in SWO and RL/Staff
- Productivity
  - Average experience (YOS) of RL/Staff officers and SWOs
  - Percentage of RL/Staff officers with warfare qualification
  - Inventories to fill key billets (SWO DH = 275; RL at YOS 9 = 419)
  - Number of excess SWO JOs relative to Nov 03 OPA

# Reducing SWO Accessions Saves Money

SWO Accessions	Net Annual Cost Savings (\$M)	Implied SWO Bonus	Total Strength YOS 1-9	Total Cost SWO + RL YOS 1-9 (\$M)	Average YOS (1-9)
780	\$0	\$50k	10,028	\$1,239	4.55
700	\$46	\$67.5k	9,647	\$1,198	4.58
620	\$91	\$90k	9,259	\$1,159	4.60

Cutting SWO accessions to 620 saves \$91 million by reducing strength by about 750

# Percent Warfare Qualified



SWO Accessions	% Warfare Qualified RL YOS 9	% Warfare Qualified RL YOS 1-9	Total RL/Staff Warfare Qualified
780	24.9	13.0	1622
700	21.9	11.1	1401
620	18.8	9.2	1178

Reducing SWO accessions increases the percent of RL/Staff O4 promotions without warfare qualification

# MOEs: Experience and SWO JO Overage

---

SWO Accessions	Average SWO YOS 1-9	Average RL YOS 1-9	SWO JO Officers/ Nov 03 OPA
780	4.24	4.94	1.41
700	4.31	4.88	1.28
620	4.38	4.83	1.14

Small change in experience mix,  
but big decrease in excess SWO JOs



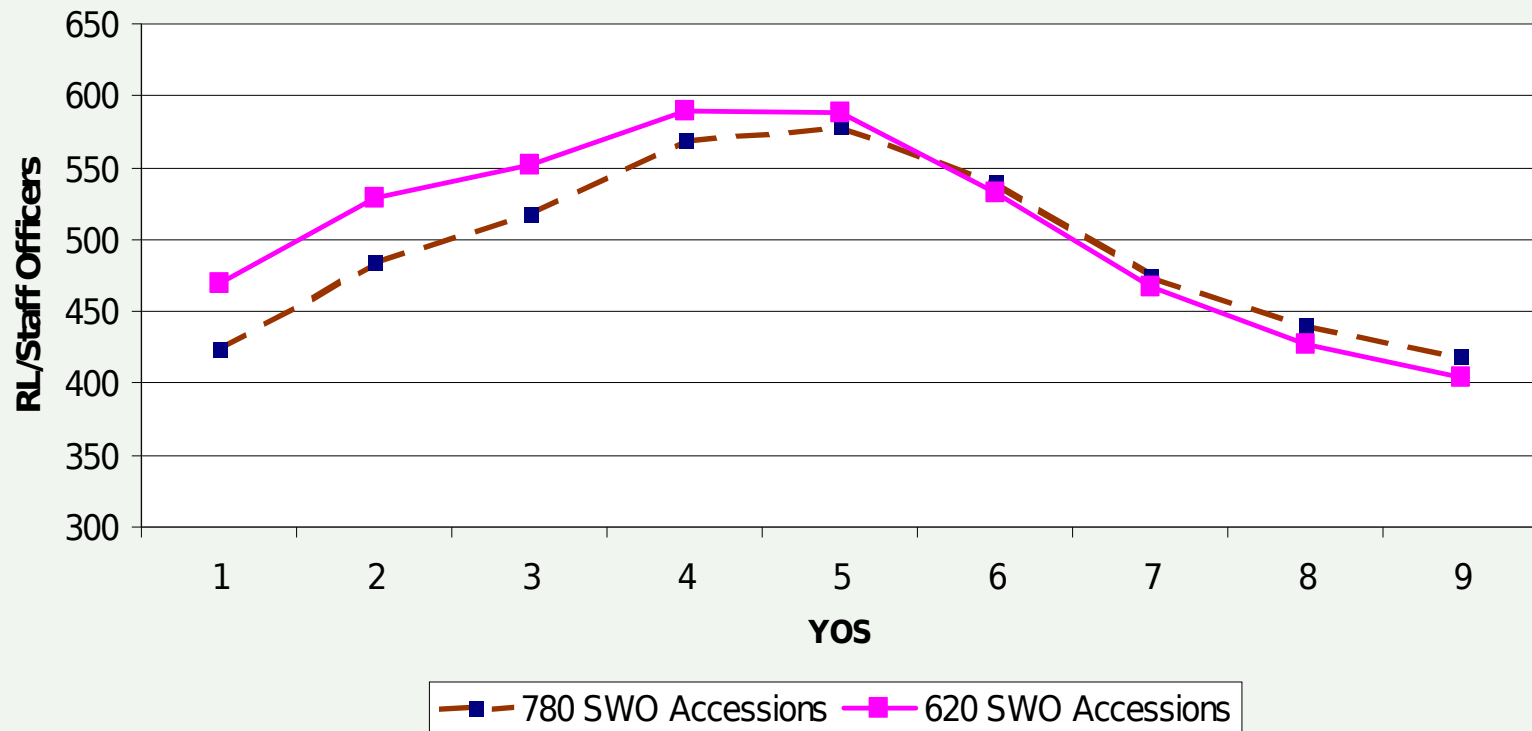
# Increases in RL Direct Accessions and Decreases in Laterals

SWO Accessions	Direct Accessions	Laterals from SWO to RL/Staff
780	397	158
700	421	130
620	444	102

Cut in SWO accessions from 780 to 620 decreases  
laterals by 35%

# Cutting Laterals

## Reduces Seniority of RL



Reducing SWO accessions from 780 to 620 implies only 4% decrease in RL/Staff officers at YOS 9

# Reducing SWO Accessions



- Advantages
  - Reduces end strength
  - Reduces cost
  - Reduces excess of JOs on sea duty
- Disadvantages
  - Reduces warfare experience in RL/Staff
  - Decreases average RL/Staff experience
  - Increases risk of RL/Staff control grade shortages

# Assessing the Loss of Warfare Experience

---

- Cutting SWO accessions from 780 to 620 would result in 448 fewer warfare qualified RL/Staff officers
- But, saves \$91 million in personnel costs
- Thus, warfare qualification would need to be worth \$203,000 per officer for warfare experience to be worth more than cost savings

# Sensitivity Analysis: Most of the Savings Unaffected

SWO Accessions	Original Cost Savings (\$M)	SWO Buyback +50% (\$M)	SWO DH +10% (\$M)
780	\$0	\$0	\$0
700	\$46	\$44	\$31
620	\$91	\$85	\$75

Neither economic conditions that sharply increase cost of bonuses nor increases in SWO DH requirements greatly affect cost savings

# RL/Staff Issues



- Decrease in RL/Staff YOS 9 end strength a problem if demands for control grade officers increase
  - Increase in demand for control grade officers could come from increased joint requirements
- Number of control grade officers could be increased by instituting RL bonus
  - Likely inexpensive
- Decrease in overall size of RL/Staff communities would decrease total demand for laterals

# Conclusions



- Current system of laterals increases officer strength and cost
- Reducing SWO accessions from 780 to 620 saves money
- Increasing SWO retention bonus is a key enabler
- Reducing SWO accessions decreases laterals and increases direct accessions
- Reduction in RL/Staff warfare qualification likely not worth maintaining higher levels of SWO accessions
- Conclusions unaffected by sensitivity analysis



# Backup



# Changes in Accession Rules

SWO Accessions	Cost Savings (\$M)	Difference in Total Warfare Qualified	% Warfare Qualified in RL YOS 1-9	% Warfare Qualified at RL YOS 9	SWO JO Officers/ Requirements
780	\$0	0	40.5	57.6	1.42
700	\$32	201	38.6	54.8	1.28
620	\$71	414	36.7	51.7	1.14

Navy should still reduce accessions even if it forces all lateral transfers to warfare qualify. Forcing all lateral transfers to warfare qualify greatly increases warfare qualification in RL/Staff communities

# Warfare Qualification Affects Retention and Promotion

Warfare Qual	O-4 by 132 Months	Made 108 Months	O-4 by 132 Months   Made 108 Months	O-5 by 204 Months	O-5 by 204 Months   Made 108 Months	O-5 by 204 Months   Made 168 Months
No	32.4%	46.7%	68.7%	20.9%	43.4%	65.2%
Yes	71.8%	89.8%	79.8%	52.2%	57.2%	70.5%

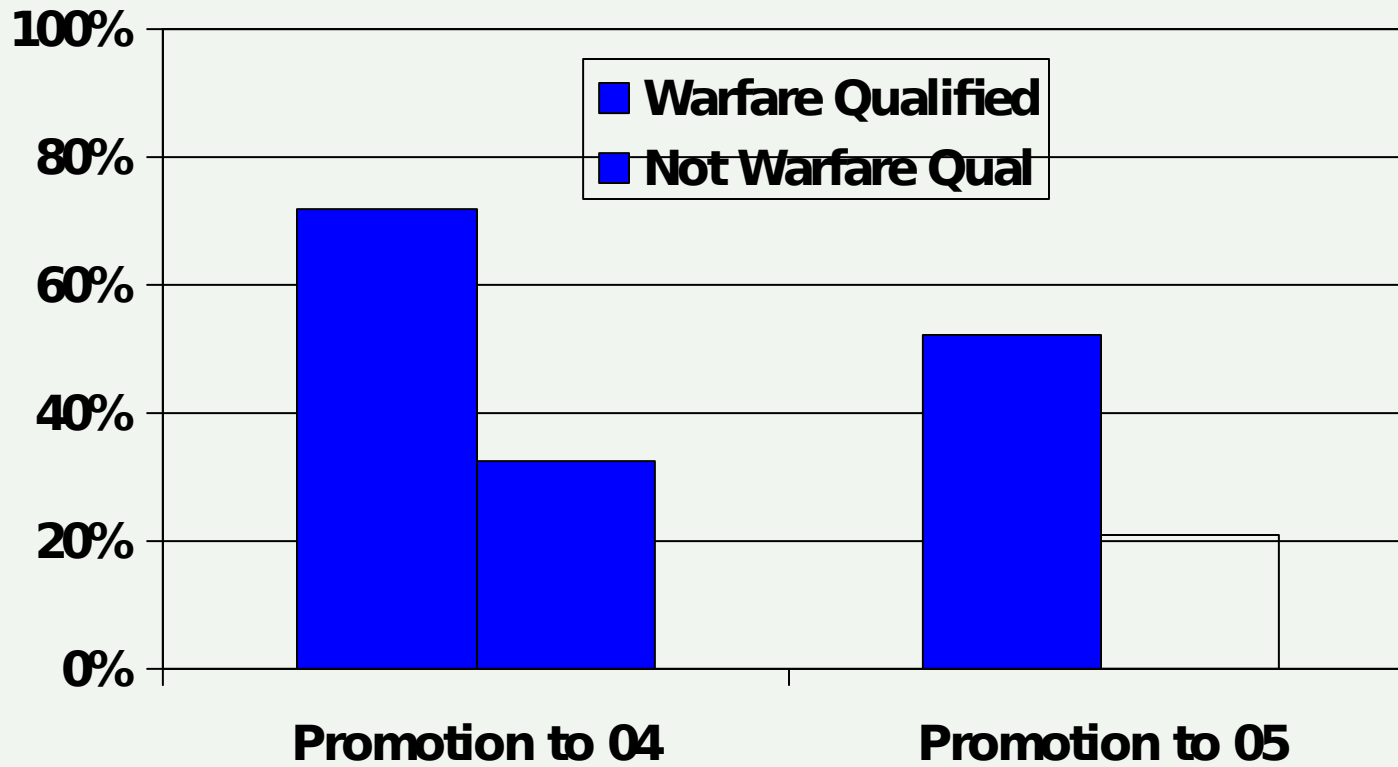
# Relative Performance of Warfare Qualified RL Officers Is Likely



## From Warfare Qualification

Warfare Qual	O-4 by 132 Months	Made 108 Months	O-4 by 132 Months   Made 108 Months	O-5 by 204 Months	O-5 by 204 Months   Made 108 Months	O-5 by 204 Months   Made 168 Months
No	32.4%	46.7%	68.7%	20.9%	43.4%	65.2%
Warfare qualification percentages regression adjusted						
Yes	74.1%	90.7%	82.2%	51.3%	55.6%	66.9%

# Promotion to 04 by Warfare Qualification Status



# Personnel Costs and Relative Retention Rates Don't Change



## Result

---

- Cost savings rise proportionally with SWO costs
- What is the risk of a lateral or SWO DH shortage?
  - No risk of DH shortage
  - Zero risk of lateral shortage at 780 & 700 SWO accessions
  - Low risk of lateral shortage at 620 accessions

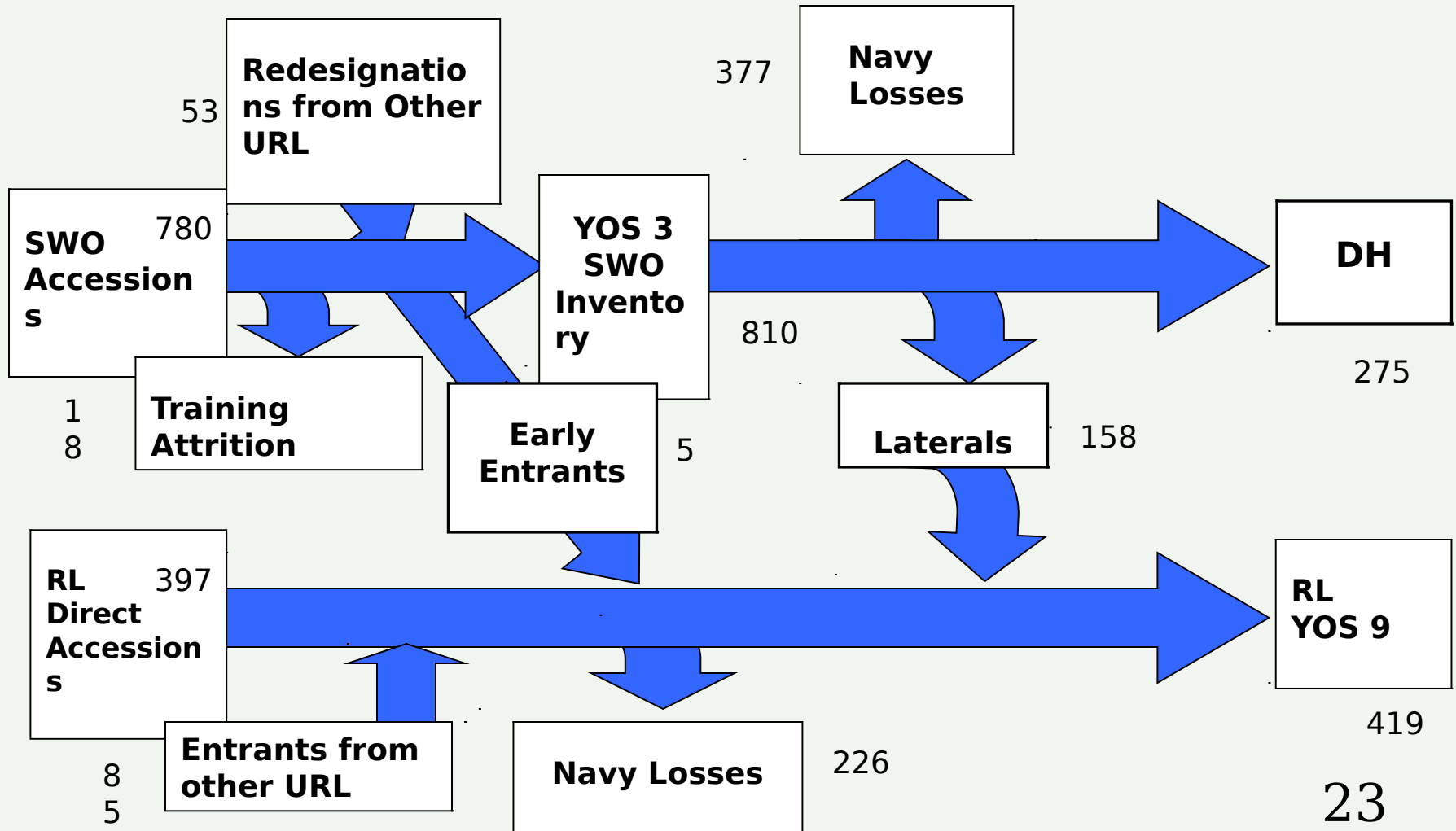
# Reducing SWO Accessions Is Favored If Increased SWO

## Bonuses Convince People to

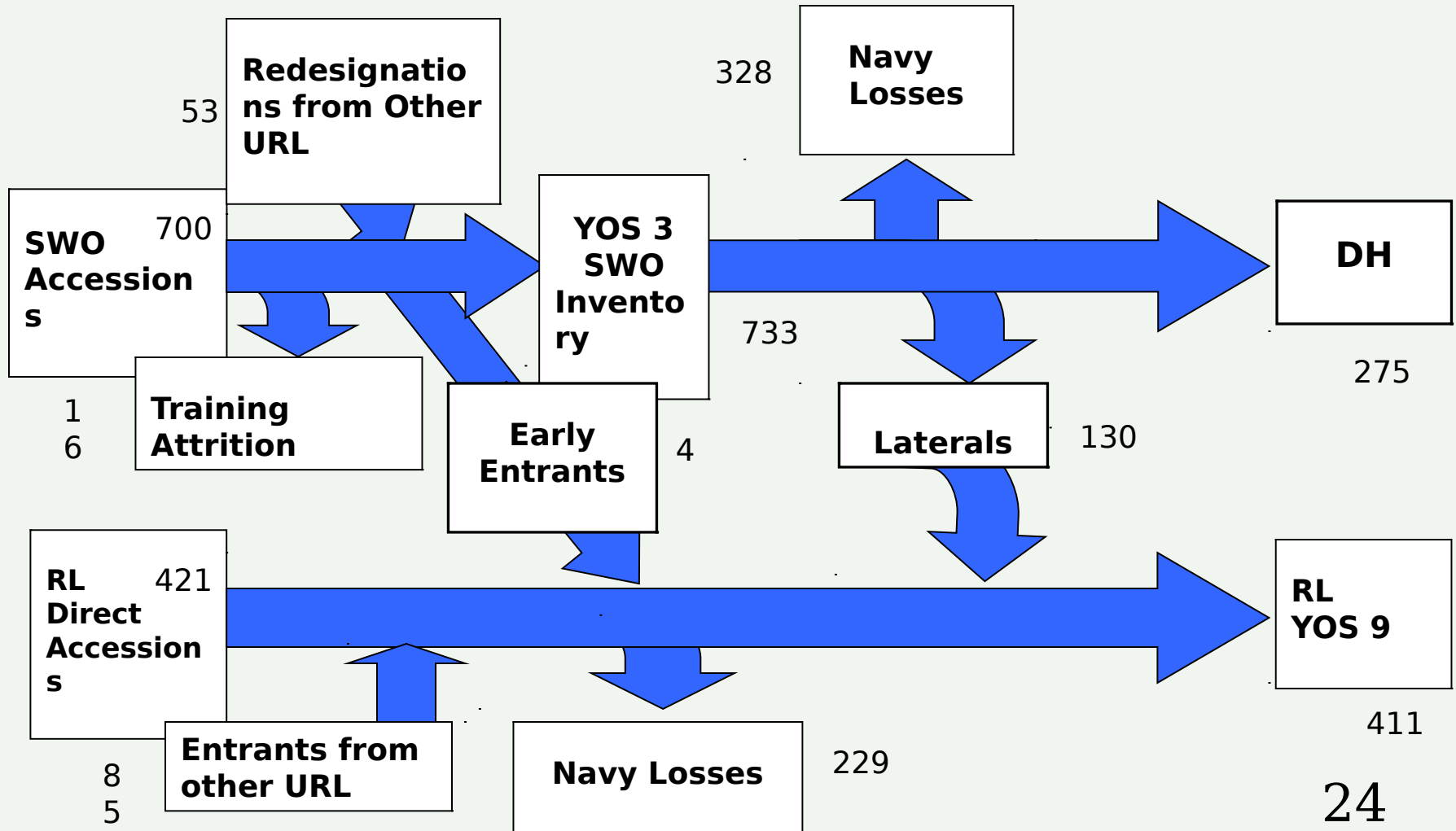
SWO Accessions	Cost Savings - High Ret. (\$M)	Cost Savings - Low Ret. (\$M)	Decrease in Total Warfare Qualified (High Ret.)	Decrease in Total Warfare Qualified (Low Ret.)
780	\$0	\$0	0	0
700	\$43	\$38	95	269
620	\$85	\$74	196	564

If higher SWO bonuses persuade officers to stay Navy, then reducing SWO accessions saves money without sacrificing much warfare experience

# SWO/RL Personnel Flow Model (780 Accessions)



# SWO/RL Personnel Flow Model (700 Accessions)





# SWO/RL Personnel Flow Model (620 Accessions)

